



Action Required

Recommendation: Approve Minutes from March 29, 2006.

TECHNOLOGY SERVICES BOARD DEPARTMENT OF TECHNOLOGY SERVICES

PUBLIC MEETING MINUTES MARCH 29, 2006

The Technology Services Board (TSB) met in open session, pursuant to the provisions of the Bagley-Keene Open Meeting Act, at approximately 10:00 a.m., at the California Environmental Protection Agency, located at 1001 I Street, Sacramento, California 95814.

AGENDA:

1. Chairman Clark Kelso called the meeting to order at 10:03 a.m.

Member roll call was completed.

Present:

Clark Kelso, Governor's Designee, Chairman
Steve Westley, Controller (Designee Michael Carter)
Michael C. Genest, Department of Finance (Designee Fred Klass)
A. G. Kawamura, Department of Food & Agriculture (Designee Michael Hetrick)
Kim Belshé, Health & Human Services Agency (left early and substituted by Designee Ann Boynton)
Victoria Bradshaw, Labor & Workforce Development Agency (Designee Rick Rice)
Mike Chrisman, Resources Agency (Designee Patrick Kemp)
Rosario Marin, State & Consumer Services Agency (Designee Evelyn Matteucci)
Thomas Johnson, Department of Veterans' Affairs (Designee John Hanretty)
Henry Renteria, Office of Emergency Services (Designee Frank McCarton)
Sunne Wright McPeak, Business, Transportation & Housing Agency (Designee Michael Liang)

Absent:

California Environmental Protection Agency
Jeanne Woodford, Department of Corrections & Rehabilitation

Chairman Kelso asked that name tags be provided for attending Board Designees at the next Board meeting.



Department Director P. K. Agarwal stated that from now on there would be video transcripts of the TSB meetings, and that the Board minutes will be integrated into the video audio portion on the Internet.

Chairman Kelso asked the Board to replace Agenda Item 5C with provided handout. Copies were also available for members of the public.

2. Consideration of the November 16, 2005, meeting minutes

Chairman Kelso called for adoption of the November 16, 2005, TSB meeting minutes. A motion to approve the minutes was made, seconded, and unanimously approved.

3. Chairman Kelso's Report

First Quarterly Report to the TSB

Chairman Kelso addressed the progress of the State Information Technology Strategic Plan.

Chairman Kelso noted that on March 28, 2006, Governor Schwarzenegger unveiled a new California Business Portal, comprised of the Department of Labor; the Business, Transportation & Housing Agency; the Department of Food and Agriculture; and the State & Consumer Services Agency (www.calbusiness.ca.gov).

There is also a California Taxes Service Center, a similar type of portal, comprised of the Franchise Tax Board; the Board of Equalization; the Employment Development Department, and the federal Internal Revenue Service (www.taxes.ca.gov).

Chairman Kelso noted the common business management systems – the 21st Century Project payroll getting off to a good start in the next month or two, and the Department of Finance continues to meet and lead a group of departments working on common business systems. Those meetings have been very productive in sharing information across agencies.

Regarding ensuring security and privacy: encryption policy – the Department of Finance has safety and security tips on the Internet. Also, a security assessment checklist was distributed to all State departments on March 28, 2006.

Regarding workforce issues and succession planning, the Department of Personnel Administration has comprehensive guidelines on succession planning. Chairman Kelso acknowledged that California has received three of the 25 (12%) recognition awards this year on Government Technology:



Director P. K. Agarwal – Doers, Dreamers and Drivers award for IT consolidation; Terese Butler, Department of General Services – Program Director of Strategic Sourcing; and Steve Westley, State Controller – for his work on both taxes and the payroll program.

Creation of Board Sub-Committees

Audit Sub-Committee – Statutes require the Board engage a certified board of accountants to do an audit and to arrange for other audits of Department of Technology Services (DTS) operations that may be necessary or prudent. The Sub-Committee would be responsible for providing such a report to the Board.

John Hanretty, Veterans' Affairs Designee, asked if the Sub-Committee is subject to the Bagley-Keene Act requirements. DTS Chief Counsel & Board Secretary Vanessa G. Rose responded that the Brown Act applies if there are more than two members on the Sub-Committee, so fewer than three members can meet without violation of the Bagley-Keene Act and without any public notice & requirements on publishing an agenda.

Chairman Kelso suggested a three-member Sub-Committee for transparency, with the Chair serving as Ex-Officio.

State Controller's Office (SCO) Designee Mike Carter expressed concern about the potential conflict of interest, in that the SCO may have to potentially audit this entity. Mr. Carter said he would like to have some discussions regarding that possibility. Clark Kelso advised that there is a statute requiring this specific audit. There is nothing in the language to take away from the SCO authority to conduct audits or from the Department of Finance's authority to conduct audits.

Chairman Kelso presented a motion to establish a three-member Audit Sub-Committee under Section 11537, with the Chair serving as Ex-Officio. Membership to be determined by the Chair. This motion was moved, seconded, and unanimously approved.

Services Sub-Committee – Because there are work-in-progress-type procurement discussions, this Sub-Committee should be a two-member Sub-Committee. The prime focus should be identifying driving business needs across State government. Director Agarwal suggested the focus should be on a set of services, and that this issue be put over to the June Board meeting, when a recommendation on how to reconcile conflicting goals can be presented.



4. Budget Update

Director Agarwal stated the DTS will finish the year with a \$1.7 million balance. Bob Austin noted that the DTS had not received any requests for new projects.

5. Director's Report

A. Server Consolidation Consulting Study

Director Agarwal proposed engaging an independent consultant under the primary sponsorship of one of the CIO's Governance Committees. Chairman Kelso noted the Governor's August 2004 Executive Order regarding consolidation first addressed the data centers and, secondly, everything else that made sense to consolidate. The Chairman indicated that this document is the start of this second phase.

Bob Austin said the DTS is addressing redundancy in its Operational Recovery capability. The Chairman asked that this issue be placed on the agenda for the Board's June meeting.

Secretary Belshé asked if the consultant will examine how departments account for related costs, which Director Agarwal confirmed, and stated that the DTS is looking at a four-month study after contract award. Bob Austin referred to asset management, and said the contract cost is estimated to be \$400,000-500,000.

Director Agarwal said while it is referred to as "server consolidation," the heart of the issue is storage and the servers being used for this need to be identified. Director Agarwal advised that the consultant should be in place before the June Board meeting.

A motion to approve this consulting study was made, seconded, and unanimously approved.

5. B. Critical Projects

The Child Welfare Services / Case Management System project was successfully completed. Chairman Kelso asked if there was a Post Implementation Evaluation Report, which Bob Austin confirmed. Chairman Kelso noted there should be a repository for PIERS.

The CalNET II project is on schedule; final proposals are due June 2006, with contract award in October 2006, and implementation in January 2007.



The Statewide e-Mail project is on schedule. The DTS presently has 18,000 mail boxes. Chairman Kelso directed that the actual services being offered be brought to the June Board meeting, and noted that the Board will perhaps need Agency Secretaries to direct their departments to engage this service.

The Network Unification baseline assessment is complete; a Memorandum of Understanding is being prepared between the DTS and Caltrans. It appears to be a 12-15 month project. Director Agarwal will bring more information to the June Board meeting.

State Portal – The DTS has assembled a State team of six (6) departments, and they are conducting discussions with potential vendors.

The Server Based Computing project is on schedule. This service allows access to your desktop anywhere you have Internet access. This service would be helpful if avian flu struck here, with possibly a large number of employees working from home.

5. C. DTS Consolidation Update

Savings over three years of \$45.6 million, with a cost avoidance of over \$27.3 million, for a total of \$72.9 million. Chairman Kelso asked if there was any requirement that the DTS report on consolidation to the Legislature, and Bob Austin said that there was none.

5. D. Unification of Rates

Director Agarwal said the DTS will study how its rates impact its customers. In May 2006, the DTS will make some small adjustments; in November 2006, there will be a major alignment; and in May 2007, will be the final adjustments. Chairman Kelso asked what impact should be coming from the Department of Finance on this rate analysis. Department of Finance Designee Fred Klass pointed out that the Finance analysts were present and listening in the audience.

5. E. Adoption of Rate Guiding Principles

Designee Michael Carter asked about the conversion of the adjustment process and identity of the winners and losers.

A motion was made to adopt these rate guiding principles which was seconded, and unanimously passed.

6. New Agenda Items – None.

7. Public Comments – None.

8. Meeting Adjournment – 11:33 a.m.